

FINANCE COMMITTEE MEETING
OCTOBER 20, 2015

Council President Mr. D'Ambrosio opened the meeting at approximately 6:00 p.m. Members of the Committee in attendance were Ms. DePledge and Mr. Licht. Present from Council were Mr. Evers, Mr. Hoefle and Council President Mr. D'Ambrosio. Mrs. Quinn-Hopkins was absent and Ms. Vaughn is absent and excused.

In attendance from the Administration were Mayor Morley, Finance Director Slocum. Law Director Klammer was absent and excused.

Also in attendance were members of the public.

EIGHTH SIDE LETTER AGREEMENT

Mr. D'Ambrosio: There is only one item on the agenda for the Finance Committee and it is the Eighth Side Letter Agreement for the Captains. Who would like to begin? Mr. Slocum?

Mr. Slocum: This is a continuation and we have done two of these other deferrals in the past. Now we are collecting on the previous deferrals the first deferral was paid and agreed and the second deferral... I think that this is more in recognition why we initially adopted...and let me go on the record when this was initially adopted I did not work for the City. As a matter of fact I was retained by the Captains and I had full access to their books. It was my strong recommendation at that time that the City entertain that first agreement. It is still pretty much pattern and in the same way. It was due to the financial condition of the Captains that I was allowed to see it. They did tell that if I wanted to that they would grant me access again but I don't think that it is going to accomplish anything at this point. My recommendation is that we adopt this and I do believe that once this is adopted...when this agreement comes to an end you are looking at 2019 or 2020. They are going to be close to the end of the lease and we are within five years to the end of the lease. When this lease expires it should be triggering the discussion as to a new lease for the City and for the Stadium. In this there are some things that are starting to drop off. We are losing the money from the plaza and they have to pay that until I believe 2017 if I remember correctly.

Mayor Morley: It is April 1, 2018 or no I'm sorry it is April 1, 2017 is when the term is ending not 2018.

Mr. Slocum: This agreement incentivizes are to bring as many events as they can into the stadium providing that they have the support. The things that are there require a lot of their work and we don't have the man power or expertise to pull off those things their without them. They are getting paid for bringing events into the stadium. Yeah we're making them equal partners with us on the income that is being generated. I think that we need to have that so we can continue to have events in the Stadium.

Mayor Morley: On the plaza rent I have talked to the gentleman that own Two Bucks about the Captains saying that Lake Health is not going to be interested in the plaza once this agreement ends. That is where the \$13,333.00 is lost. I have had some discussions with the owner of Two Bucks and if a few more places go into the plaza maybe they can be backers of that plaza but we don't know for sure. We have to look into some legal ramification on it especially if there is going to be alcohol that is going to be served in the plaza. If you go to page four this is something that I asked about to try and help us to get more events into the stadium. We also

have in there that we can take this out in a negotiation window if it doesn't work out. Right now it is 8% at a quarter per ticket.

Mr. D'Ambrosio: Which one are you reading Mayor Morley?

Mayor Morley: I am look were we eliminated Sections D and E and we are going to go with Sections F, G, H and I.

Mr. D'Ambrosio: Ok.

Mayor Morley: Right now it is 8% ticket tax and it is point two five for the CRIF. I have asked or we have discussed to bring more events in especially if we've been talking about concerts. The Captains are always saying that the 8%...when they have to go out and get an act in here they believe that it is too much. I've asked to lower it to 4% on the gross of the ticket and instead of a quarter that a dollar goes into the CRIF fund. Anyone who walks around the stadium can see that there are repairs that are being done every day. Instead of a quarter it will be a dollar per ticket on that.

Mr. D'Ambrosio: Brad Seymour from the Captains has just joined the meeting.

Mayor Morley: Mr. Seymour would you like to go over the request that I made on the special events going from 8% to 4% on the dollar. We were just talking about the dollar for the CRIF in repairs. For those that go to the stadium will see that there are repairs that are needed to be done every day and we've put almost \$65,000 into repairs and that pays for this year. We already know that we have to pay for repairs for next year that we didn't get to this year. I think that a dollar per ticket for CRIF will help out for repairs. I believe that Mr. Slocum had said that there wasn't anything else except for extending the contract.

Mr. D'Ambrosio: Now that extension will go till March 31, 2020 is that what that was? It is on page 2 of 11.

Mr. D'Ambrosio: Is there anything else? Mr. Licht?

Mr. Licht: Please forgive me but I am trying to find Section 1(1) of the lease to look at the other events and I don't know why I can't find it.

Mr. Slocum: What are you looking for?

Mr. Licht: It says "Other events as defined in Section 1(1) of the lease."

Mr. D'Ambrosio: What page are you on?

Mr. Licht: I am on page 4. Where is Section 1(1)?

Mr. Slocum: If it is referring to the lease...

Mayor Morley: It is Section 1(1) on the lease of the contract.

Mr. Slocum: I have that document that I can provide to you.

Mr. Licht: So I mean that there is no language in that at all. It's just referencing that and the Sixth Side Letter as well.

Mr. Slocum: The Side Letter is being incorporated as part of the lease. There defining terms within....

Ms. DePledge: If you look at page 3 Mr. Licht you'll just see like in Section 2 it talks about Section 4.1 and they are all referring back to the original lease.

Mr. Licht: The other thing that I had noticed is that it looks like we are not going to be getting \$2,500 for the advertising on the bridge?

Mr. Slocum: I think that the point was made and it was a big item for Ted. The Captains have been putting things up there for us on the bridge in which we haven't been charged. We could hard ball it and say it is going to cost you \$2,500 but then anytime we want to put anything on there we should get billed for that to.

Mayor Morley: For any of the special events I call Mr. Seymour like for example the Easter Egg Hunt, The Celtic Festival, or any of our outside things that we do there they have been more than willing to post that on the bridge for us. Here is the way that I look at it \$2,500 is not going to make or break us for paying the stadium off.

Mr. Licht: It is just something that wanted to...

Mayor Morley: We've been working together to make sure that when we need something up on the board they can throw it up there because obviously we don't want to get billed.

Mss. DePledge: The value of the advertising.

Mayor Morley: We don't want to get billed for us to advertise for something that is going on in the City for a stadium that we own.

Ms. DePledge: On an annual basis.

Mr. D'Ambrosio: Go ahead Mr. Licht you still have the floor.

Mr. Licht: You know....

Mr. Slocum: I think that Mr. Seymour would admit right here on the record that we are not going to get billed for any type of advertising.

Mr. Seymour: No absolutely not.

Mr. Slocum: That really isn't the change the change is that why are they paying and we're not.

Mr. Licht: So do we now and this is just a ballpark estimate from last year if only collected 4% as opposed to 8% what the difference is?

Mr. Slocum: We could find out. I don't know it off the top of my head.

Mr. Licht: Ok.

Mayor Morley: That's why we....

Mr. Slocum: I don't think that it is really that significant of a number.

Mr. Licht: I'm assuming that there is some kind of analysis done to see the difference of as opposed to the dollar for the CRIF fund instead of twenty five cents. I am assuming that they should be similar or at least close.

Mr. Slocum: They are going to be somewhat close. The idea of lowering this is to allow Mr. Seymour and his people to hopefully attract other events that we are not getting.

Mr. Licht: So it's an incentive for them to bring...

Mr. Slocum: That is exactly right.

Mr. Seymour: We get questioned by everybody who wants to bring an event into the ballpark about why is our ticket tax so high compared to other minor league parks that they work in. So we are just trying to make it as attractive as possible. At the same time...to shift some of those dollars over to the CRIF fund where we know that there is going to be needs. What are the dollars and cents of it I can't remember what it is.

Mayor Morley: We've ran....

Mr. D'Ambrosio: Hold on one second. Mrs. Simons the last comment was from Mr. Seymour form the Captains. She is our new Council Clerk. Go ahead Mayor Morley I am sorry.

Mayor Morley: go ahead I'm just trying to do some simple...

Mr. D'Ambrosio: Mr. Hoefle?

Mr. Slocum: If I could just follow up...I think that there is a recognition that the stadium is not being utilized as we would like it to be. We do believe that there is going to be some opportunities with this that we can hopefully we would be able to attract more. If we go back the 8% ticket tax before the naming rights agreement never existed. We are still a project in motion.

Mayor Morley: Simple math on a \$20.00 ticket at 8% is a \$1.60 and 4% is \$.80 plus the dollar so it is \$1.80. So if you add the \$1.60 plus the \$.25 it comes to \$1.85 at 8% or a \$1.80 with the 4% and a dollar so it is a nickel difference.

Mr. Licht: Ok.

Mayor Morley: That is just on a simple \$20.00 ticket.

Mr. Licht: I guess what I'm asking is that I'm looking at Mr. Seymour with this question. The only commitment that is required of them is to hold one non-baseball event per year. That is

according to this. So we're giving them an incentive but there is no requirement of them to do anything more than one event.

Mr. Slocum: There incentive is as they are generating funds they are generating rent credit that is going to offset part of their deferral.

Mr. Seymour: That is our incentive.

Mr. Slocum: That is there incentive to do this.

Mr. Licht: Ok.

Mr. Slocum: If they generate enough credits to make their deferral disappear I'll be smiling.

Mayor Morley: We continue to discuss and actually Mr. Seymour and I know the promoter to see how we can get more events in. If you look at it...and I have the file and I will forward the email that Mr. Seymour sent me months ago... because I've had a resident ask me what we've had there since I took office. I have given him that. What we tried to do is to sit down with the Captains and find out what is going to fill that stadium for events. I will give you Joe Hadden as an example and he goes to any other stadium and they are sold out. Ten thousand at one and twenty thousand at Seattle I think that he said and we pull forty five hundred and this is a Brown's town. So we fingered that it was at I think a \$10.00 ticket. We are trying to figure out what it is that we can do. The big thing that we get complaints about is that there aren't any concerts. But when we've had the concerts no one's goes to the concerts. From their end...and we've had this discussion before where I have explained to our residents. Say for example Michael Stanley wants to come in to the stadium and they want \$80,000 up front the Captains are not in any spot along with the City to give him \$80,000 up front and hopefully we are going to sell \$80,000 worth.

Mr. Licht: Do we think that we are advertising the right way to get the turn outs? I know that you're saying that we are not getting the turn outs. Could it be an advertising thing at maybe the City or the Captains Stadium isn't advertising?

Mr. Slocum: Number one the City does not do any advertising.

Mr. Licht: Ok.

Mr. Slocum: All of the advertising expense is being born by the Captains or promoters.

Mr. Licht: Right. The promotion of the event.

Mr. Slocum: None of it is paid for by the City.

Mr. Licht: Right.

Mr. Seymour: To answer your question could there be more advertising? There could always be more advertising but the Hadden game is a perfect example. From a football crazy town and basically having the NFL ProBowl here with the caliber of players that were here and we only got 4,500 to 5,000 people were in attendance for it. It was eye opening. We've done concerts

granted that it has been probably about four years since we have done a concert and we only selling 1,500 to 2,000 tickets for it. We are advertising on if it is a rock show we advertise on the rock stations. Could we always do more advertising absolutely but the word is out and people just weren't coming. That is why we have shied away from the concerts and focused more on the specialty events. The high school football game is an example of bringing a different type of event to the ballpark that is just as beneficial to the City as any concert would be. We are focused more on those and we get approached all the time by concert promoters. It is unfortunate that we are in a very crowded market place for concerts and it is very hard for a facility like ours to compete with all of the different venues around here. We're not in a position to take the risk on it but there are promoters out there that will and do minor league tours. A lot of teams in our league do concerts and they are very successful with them but they are in different market places than we are in. We've chosen to look at the other types of events that just work a lot better for us. It is a low minimal risk for us and no risk for the City. There is the only up side and that is where the focus has been.

Mr. Slocum: Do you anticipate Hadden's game coming back?

Mr. Seymour: Yes we do. The day after the even he said that he wanted to do a two year agreement. He liked coming here and that the stadium was nice to have the game in.

Mr. Licht: What happens if they trade? I'm just kidding.

Mr. Evers: It would probably draw more people.

Mr. D'Ambrosio: Mr. Hoefle did you have something that you wanted to add?

Mr. Hoefle: Yes I just wanted to go back to the CRIF fund and I actually had two questions. The repairs that you were talking about for the stadium can a majority of the work be done once the season is over or is this something....

Mayor Morley: We are still doing some catch up and I will leave it at that.

Mr. Slocum: The type of repairs....the things that are coming out of the CRIF fund are items that we know that Mr. Seymour gives us a list at the end of the season and here is what we are going to do. There are other things that happen that get paid out of the CRIF fund say an air conditioner unit blows out there is \$10,000 gone out of the CRIF fund for that. There is a plan but the money is for emergencies also.

Mayor Morley: A good example is when three of the major units went out last year and that was almost \$40,000 in air conditioning. Don't forget that the stadium is thirteen years old now.

Mr. Seymour: There hasn't been a lot of preventative maintance over the years and we are playing catch up.

Mayor Morley: We just changed the way that we are wintering then the way that they were doing it in the past. It's a little bit more money but if next year if there are pipes broken it's going to be on the contractor.

Mr. Hoefle: My second question is on the bridge does that fall under the CRIF fund as part of the stadium? If we had to do any repair work like concrete with the steps or the sign or anything like that does that fall under the CRIF fund?

Mr. Seymour: The advertising sign we maintain that. We actually spend a considerable amount of money every year to keep that thing up and running. It breaks down a lot and it is an older system. That is all on us and the maintenance of the electronic sign we are responsible for that. The structure I believe falls under the CRIF fund.

Mr. Slocum: Yes and I think that we had some wiring issues on that within the last year if I remember correctly.

Mr. Hoefle: Just out of curiosity.

Mr. D'Ambrosio: Is there anyone else? Move this forward Committee Ms. DePledge and Mr. Licht? Move this forward?

Ms. DePledge: Yes

Mr. Licht: Yes

Mr. D'Ambrosio: We will move this item forward.

LAW DEPARTMENT

Mr. Klammer had nothing to report.

There were no further questions or comments.

FINANCE DEPARTMENT

Mr. Slocum: I passed out my letter and I will be leaving the City in the middle of February. I will assist in trying to find my replacement and making sure that things happen. I am giving a four months notice.

Mr. D'Ambrosio: Thank you for that.

Mr. Slocum: Let me just go on record that if it wasn't for the Mayor Morley I would have been gone a year ago. I was so upset with the City for two reasons last year number one is that the voters rejected the income tax increase which I still think is very short sided. Number two is the Council and the Mayor refuse to enact reciprocity which for the same reason that I think is short sided. I'm tired of doing intern work. In my department where I had six people a year ago and now I'm down to four people. I have two people that are out on health issues so I am down to two people. I am doing just what I can to keep the department operational. How much time am I spending on planning or things like that on things that I should be doing as Finance Director I'm not. I cannot continue to operate that way. Until the citizens...and I don't want to be complaining because I feel bad is that there are people like our Fire Chief, Police Chief and our Service Director...everybody is pinched. You know what when I came out of retirement to try and help this City and I don't think that the citizens of this City are very showing that they want any help. They are happy to defeat levy after levy and I would like to see a lot of people try to live on what they made in 1982. That is the last time we got a raise here and that is ridiculous. Things are what they are.

There were no further questions or comments.

MAYOR'S COMMENTS

Mayor Morley had nothing to report.

There were no further questions or comments.

MISCELLANEOUS

SUBLEASE PAL CENTER:

Mr. Evers: The Community Center that you are all aware of is rented out by EPAL. Right now EPAL is looking to sublease to another person and we would lease it out during the day from 7:30 a.m. to 3:30 p.m. when virtually no one is there. However the lights and the heat are on and we are paying the utilities and it would help us to cover our cost. We've had the Mayor involved in it and we've talked with Jed Hawkins and with Mr. Klammer along with the Building Department. This would be a disability learning center for people with mild autism who are over the age of twenty one. At the age of twenty one they have to leave Deep Wood and Broadmore. We've done some background on this and we've checked with the state and the guy has good credentials with the state. We've also had Geauga County come in to look at the building and they approve it. Lake County has also been in to approve. He has his paper work in from the IRS, Bureau of Workmen's Compensation and Department of Education from everybody and we couldn't find anything. Mr. Klammer's one concern was that the insurance and liability and recommended that the guy have \$2.5 million dollars in insurance and the guy now carries \$4,000,000.00 in insurance. The City of Eastlake can be PAL named as riders on his insurance. So that has been done and this in no way affects the finances of the City. It can't go through Ordinance but Mr. Klammer wanted Council to be aware of it and wants Council to approve of it. So this is where we are at.

Mr. D'Ambrosio: Why would Council have to approve it?

Mr. Evers: It is still considered a City building. It is Mr. Klammer's concern and he protects the City and obviously that's his job.

Mr. Licht: I am wondering what the contract...

Mayor Morley: I asked the same question as the Council President did because we continue to add things in Willoughby-Eastlake's building.

Mr. D'Ambrosio: Exactly we lease the Taft Center.

Mayor Morley: The only time that we go to Willoughby-Eastlake Schools is when we have to do a repair. If Mr. Klammer feels comfortable with this then I don't have any issues. We've meet with the County...when MRDD came out and they rested some of my concerns just having a meeting with them. I asked the same thing why do we have to since they are leasing it and it has to go through Council.

Mr. Licht: I'm just curious what the lease is between EPAL and the City of Eastlake when it talks about subleasing?

Mr. Slocum: It is exactly off of the Willoughby-Eastlake lease that we have for the seniors.

Ms. DePledge: He is asking if there is a sublease provision in it.

Mr. Licht: Right.

Mr. Evers: Yes.

Ms. DePledge: And there is? Ok.

Mr. Licht: So again why would you have to come to Council if it is already in there?

Mayor Morley: I don't believe that we do but the Law Director says that he wants to make it out to....

Mr. Evers: Make it out to Eastlake Gymnastics

Mr. D'Ambrosio: Let's go one at a time so that Mrs. Simons can recognize these voices.

Mr. Evers: For us to sublease out...when we took over the building the City of Eastlake had already subleased it to Eastlake Gymnastics. You had two entities in there and they bingo and gymnastics. So when we took over the lease or the building we had to have it in there that we could still sublease because the gymnastics is still there.

Ms. DePledge: Ok.

Mr. D'Ambrosio: So you already did it.

Ms. DePledge: We did approve the gymnastics.

Mr. Evers: I don't think that Mr. Klammer is asking that we approve...I don't know.

Mayor Morley: I think that he just wants you guys to be aware of it.

Mr. Evers: He wants Council to be aware of it. So we will bring it up through here and move it forward into Council.

Mr. D'Ambrosio: We can talk about it in a meeting and if we had to go to a vote you couldn't vote on because you're on the board.

Mr. Evers: No I could not.

Mr. D'Ambrosio: I don't think that Ms. Vaughn could vote on it.

Mr. Evers: Neither could Ms. Vaughn. We only need four votes to pass it.

Mr. D'Ambrosio: I don't see why we would have to vote on it.

Mayor Morley: I will talk to the Law Director on it.

Mr. D'Ambrosio: Talk to the Law Director and let us know.

Mr. Licht: What are you moving forward?

Ms. DePledge: My thought was what we are going to do pass a resolution saying that we agree. What are we going to do?

Mr. D'Ambrosio: Mr. Slocum?

Mr. Slocum: Just to throw the idea out what if we gave the Mayor the right to approve any tenant proposed...instead of bringing it to Council and let the Mayor do it and then advise Council of anything that they have done.

Ms. DePledge: I think that it is just avoiding surprise is what it is more than anything else. I'm ok with that.

Mayor Morley: We let you guys know everything that going on.

Mr. D'Ambrosio: That's great that you do.

Mayor Morley: When we get something new in Taft we don't let Willoughby-Eastlake School rent it out to someone.

Mr. Slocum: We don't know who we rent out to my knowledge. We never report to them.

Mr. D'Ambrosio: Mayor are you going to talk to the Law Director?

Mayor Morley: I am going to talk to the Law Director again and just so you know that we are working on some stuff with the Croatian Home still....building two soccer fields behind the Community Center and they are going to operate them.

Mr. D'Ambrosio: I've seen some emails on them and I will copy you guys in on those.

Mayor Morley: Actually I would rather go into a committee then without bringing the Croatian Home in and talk about some things too.

Mr. D'Ambrosio: Then let's do it.

Mayor Morley: I will put it on for the next agenda that we put it in a committee. I just looked at the lease again today and I want to meet with the Croatian Home again before we meet. Just so I know that they are all set and what they still want to do.

Mr. D'Ambrosio: Talk with Mrs. Simons and we will put it on Communications if you want to schedule a meeting.

Mayor Morley: I will talk with the Croatian Home tomorrow.

Mr. Evers: Did we ever hear back from Kim?

Mayor Morley: I think that they are done with that.

Mr. Evers: I think that they are done.

REGOGNITION OF PUBLIC

There was no one else who wished to speak.

The meeting was adjourned at 6:28 p.m.

tms

APPROVED: _____

DATE: _____